



## Memorandum

City Manager's Office

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**DATE:** December 24, 2003

**TO:** Mayor and Council

**FROM:** Amber Wakeman, Interim Government Relations Director (x8824)

**THROUGH:** Randy Gross, Community Relations Manager (X8844)

**SUBJECT:** 2004 Legislative Priorities

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Attached please find the 2004 State Legislative Program. This item is on the agenda for discussion at the January 8, 2004 Issue Review Session.

If you have any questions, please contact me at (480) 350-8824.

Thank you.

Attachment

cc:

Will Manley  
Mary Fowler  
Steve Zastrow  
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## **CITY OF TEMPE 2004 STATE LEGISLATIVE PROGRAM**

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### **GENERAL PRINCIPLES**

- ❖ Maintain and enhance our City Council's ability to serve Tempe citizens by retaining local decision making authority and sustaining state shared and other revenue sources.
  - ❖ Preserve and strengthen our ability to address quality of life issues including: 1) developing and maintaining a multi-modal transportation system 2) improving educational partnerships 3) encouraging economic development opportunities; and 4) providing safe and environmentally sound neighborhoods and social services.
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### **LEGISLATIVE PRIORITIES**

The Legislature is facing a significant budget shortfall for the fourth consecutive year. Current deficit estimates run as high as \$650 million. Many of the possible "fixes" such as use of the rainy day fund, borrowing, and cuts to state agencies were done in prior sessions making cuts to cities a tempting option.

Cities are also experiencing revenue shortfalls and have made substantial cuts to address the problem. Revenue sharing will continue to be discussed at the state level as a means to balance the state budget. Strong commitments to protect state shared revenues have been given from Governor Napolitano and Senate President Bennett. House Speaker Flake has not made as strong of a commitment, but he has indicated that it would not be his preference to cut cities and town.

Along with the League of Cities and Towns, staff will continue to meet with legislators to share information on the financial situation cities are facing and the importance of state shared revenues. There is strong support from the police and fire unions, the neighborhood groups, the library and arts groups and the many other agencies that rely on state funds. We urge the Mayor and Council to continue to work with our legislators to not cut state revenue sharing.

#### **Protect Restoration of State Shared Revenues**

The State Legislature currently faces nearly a \$700 million deficit. Two legislative sessions ago, cities and towns made an agreement with the legislature to allow a temporary, two-year reduction from 15 to 14.8 percent in income tax revenue sharing. The rate will automatically return to 15 percent this year. Legislators may be tempted to explore lowering the rate back to 14.8 percent as a means to balance their budget. Staff requests direction from the Mayor and Council to oppose legislation that would cut state shared revenues.

### **Support the Extension of the Half-Cent Transportation Sales Tax**

The half-cent transportation sales tax is set to expire in December of 2005. An incredible amount of time and effort has been spent by numerous stakeholders of the Transportation Policy Committee of the Maricopa Association of Governments to develop the 20-year regional transportation plan for Maricopa County. Legislative authorization is needed to refer the issue to the ballot in May of 2004. Staff seeks direction from the Mayor and Council to support the half-cent sales tax extension legislation and oppose any attempts to modify the prior agreements made during the Transportation Policy Committee process.

### **Protect Local Economic Development Authority**

During the last legislative session attempts were made to severely restrict the ability of municipalities to exercise the powers of eminent domain for economic development. The authority is critical to revitalizing and redeveloping challenged areas of the community. Compromise language was passed last session that added safeguard measures including increased notification and communication with affected landowners and additional steps in the process to allow more input. Although these measures have barely taken effect, preemptive legislation is again expected to strip municipalities of this authority. Redevelopment authority allows cities to eliminate slum and blight conditions, promote infill development, and revitalize older portions of the community. Staff requests permission from the Mayor and Council to oppose legislation that limits a local government's eminent domain authority.

### **Support ASU's High-Tech Investments**

The Governor's Council on Innovation and Technology, has made draft recommendations to the Governor. One of those recommendations is to support passage of a constitutional amendment that would allow universities to take stock in small companies licensing university-created inventions. This amendment would help ASU and the City of Tempe in obtaining more high-tech businesses. The panel also calls for the continuation of the state's research-and-development tax credit that is due to end this year. The tax credit should be expanded to encourage investments in the emerging area of biotechnology, and to encourage corporations to sponsor research at state universities. Staff seeks direction from the Mayor and Council to support this recommendation and continue to monitor this committee.

## **REVENUE & TAXES**

### **Monitor Tax Proposals**

The Arizona Citizens for Tax Reform Committee, chaired by Senator Dean Martin, has proposed to cap local sales tax rates and require any increases beyond the cap to go to a vote of the people (Tempe's charter requires sales tax increases to be approved at an election; many cities do not have this provision). At the same time, the group proposes to lower the voting threshold from a supermajority to a simple majority for the County Board of Supervisors to increase property taxes.

This same tax reform group also recommends lowering the secondary property tax rate for business. Staff estimates that this would result in a 40% percent increase to residential valuations, negatively impacting many low and fixed-income households. Staff will continue to monitor the recommendations made by this group and any subsequent legislation that may arise.

The Arizona Citizen Finance Review Commission, chaired by Bill Post and Tony Astorga, were commissioned to develop a series of recommendations to advise the Governor on a course to stimulate Arizona's economy for the long term. In particular, the Commission was to develop recommendations that address fiscal and tax policies that were simple and fair and support Arizona's growing economy. However, the committee and the preliminary findings that were submitted in the Fall were challenged, and Governor Napolitano ultimately decided not to push for tax changes for next year. Staff will continue to monitor the recommendations made by this group and any subsequent legislation that may arise.

### **Protect 911 Funding**

During the 2001 Legislative session, the City supported funding reforms to the 911 program to aid in the much needed upgrade of technologies associated with this system. Due to the State's recent budget shortfalls, this fund has been tapped for \$16 million. Staff seeks direction from the Mayor and Council to oppose any further cuts to the 911 fund.

### **Arizona Department of Commerce**

Continue to support the Arizona Department of Commerce. The Department continually comes under question by the legislature and staff will continue to monitor the status of the Department of Commerce as it is critical for economic development. Staff seeks direction from the Mayor and Council to continue to support the Arizona Department of Commerce.

### **Heritage Fund**

The Heritage Fund provides grants for historic preservation, parks and trails. It is funded by the lottery, but the legislature tries to divert funding every year. Staff will continue to monitor this issue.

## **EDUCATION ISSUES**

Improve and increase our educational partnerships with the Tempe School districts and Arizona State University. The City of Tempe has several long-standing educational partnerships with the Tempe School districts. These partnerships are invaluable and promote a unified approach to educating our children. In addition, Arizona State University is an invaluable resource to the Tempe community and the City of Tempe supports the University's mission to establish itself as a top-tier public education institution.

### **Support Funding for ASU**

We will be working to ensure that ASU's core funding request for \$54.2 million is funded in the 2004-2005 fiscal year. This money allows for the university to adequately address the increase in student population growth for academic purposes. Staff seeks direction from the Mayor and Council to ensure funding for ASU's core requests.

### **Protect Medicaid in Public Schools (MIPS)**

Safeguard all federal MIPS monies received by the state. Currently, school districts participating in MIPS receive "medically necessary" services provided to children in public schools. Last session the JLBC proposed withholding 15% of the federal MIPS monies received by the state for the general fund; however, the measure was removed from the final budget. The preservation of all MIPS monies allows Arizona schools to receive all its federal MIPS dollars to ensure that students will continue to receive services. Staff requests

permission from the Mayor and Council to safeguard all federal MIPS monies received by the state.

### **Protect Early Childhood Development Block Grants**

Protect Early Childhood Development Block Grants from budget cuts. Many Arizona schools participate in the Early Childhood Development Block Grant Program. By participating in the program, schools receive funds that may be used to help finance preschool for children who qualify for free or reduced lunches. This program is essential to the education of young children in Tempe and funds must be maintained. Staff seeks direction from the Mayor and Council to oppose cuts to Early Childhood Development Block Grants.

Staff will work to protect any further budget cuts in revenue sharing that would affect the City of Tempe and the education system.

### **Support Alternatives to Cap on Desegregation Funding**

Defeat legislation that negatively impacts desegregation programs in Arizona. This includes the placement of additional reporting criteria and the extension of the statutory cap that prevents school districts from budgeting for desegregation expenses above the 2001-2002 maintenance and operations budget level. This current cap expires July 1, 2004 and requires legislative action in the coming session. The 2003 Joint Legislative Interim Committee on Desegregation Funding passed a recommendation for legislation to extend the current cap until July 1, 2006 and to make permanent changes to Title 15, Chapter 9, Section 910 relating to desegregation reporting requirements. These measures would have a serious impact on a number of Tempe schools.

Advocate alternatives to the current cap on desegregation funding by allowing for school districts to budget for desegregation expenses above the 2001-2002 cap in certain instances to comply with Civil Rights Laws.

Staff seeks direction from the Mayor and Council to oppose legislation that negatively impacts desegregation programs in Arizona and support alternatives to the current cap on desegregation funding.

## **SAFE & SOUND NEIGHBORHOODS & SOCIAL SERVICES**

Staff seeks direction from the Mayor and Council on the following issues:

### **Neighborhoods**

Preserve and strengthen the desirable characteristics of our neighborhoods. Continue to support and promote public safety and improve air and water quality, as well as limit the adverse effects of noise pollution.

### **Annexation**

Support opportunities to assist with annexation legislation for cities. Our county islands are becoming increasingly problematic in terms of provision of emergency services. This is evidenced by the turmoil revolving around some cities and towns and whether or not they will respond into county islands. The issue is further complicated by Rural Metro Corporation's review of their county island policy and a pending decision to reinforce a ten year old policy of

not servicing county islands beyond a “reasonable” response area from their “closest” station. This impacts the three southern most county islands in Tempe.

**Aviation**

Support legislation that facilitates communication between aviation interests, Sky Harbor Airport and Tempe community members.

**Self-Sufficient Families**

Support legislation that assists families in becoming financially self-sufficient - with an emphasis on transportation, childcare, healthcare, education and training. Support the provision of high quality health care to our senior citizens and legislation that provides quality childcare and after school care programs for our children.

**Affordable Housing**

Support legislation that assists the City's efforts to increase the supply of high quality, safe and affordable housing for owners and renters throughout Tempe.

**Homelessness**

Advocate a comprehensive approach to alleviate the problem of homelessness. Specifically, support the Homeless Continuum of Care, a regional program that helps homeless individuals to achieve self-sufficiency.